

SENATE BILL REPORT

ESSB 5742

As Passed Senate, March 19, 2003

Title: An act relating to procedures for rehiring retirees of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

Brief Description: Establishing procedures for rehiring retirees of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Honeyford, Benton and Esser).

Brief History:

Committee Activity: Ways & Means: 2/18/03, 3/4/03 [DPS].

Passed Senate: 3/19/03, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5742 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Hale, Honeyford, Johnson, Parlette, Sheahan and Winsley.

Staff: Erik Sund (786-7454)

Background: Retired members of Plan 1 of the Public Employees' Retirement System (PERS 1) or the Teachers' Retirement System (TRS 1) who re-enter employment with an eligible employer within one month of retiring are subject to a benefit reduction. The reduction is equal to 5.5 percent of the monthly benefit amount for every eight hours worked that month and is applied until such time as the retiree remains absent from eligible employment for at least one full calendar month. After a month of separation, retirees may work up to 1,500 hours per year without a reduction in pension benefits.

Summary of Bill: The number of hours that a retired member of PERS 1 or TERS 1 may work for an eligible employer after one month of separation without pension benefit reductions is decreased from 1,500 to 867. Retirees who are separated from eligible employment for 45 days or more before returning to work as certificated instructional staff may work up to 1,500 hours without having their pension payments suspended. Retirees who are separated from eligible employment for 60 days or more before returning to work in other capacities may also work up to 1,500 hours without suspension of retirement benefits. A cumulative limit of 1,900 hours is established on the number of hours over 867 per year that an retiree may work while collecting pension benefits.

Employers are required to rehire retired employees through established means. Final approval of the rehiring of a retiree who is expected to work more than 867 hours per year must be made by the highest public officer of the employer. Employers must also keep

records of the recruitment and interview processes for those actions in which retired employees are rehired.

TRS employers wishing to rehire retirees must publish a written report by April 1 of each year that lists the positions in which they are experiencing shortages. Retirees may not be hired for positions not on the employers' shortage list unless the employer makes a written declaration that the vacancy must be filled on an emergency basis.

Separation rules are changed so that separation does not occur if an employee and an employer have an oral or written agreement that the employee will be rehired after retirement.

PERS employers are required to develop human resource policies regarding the rehiring of employees under the three-month separation provision. Final approval of the rehiring of a retiree by his or her former employer must be made by the highest public officer of the employer. Employers must also keep records of the recruitment and interview processes for those actions in which retired employees are rehired.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 2003.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Although the retire-rehire program provides a useful tool to meet short-term staffing needs, experience has shown that some modification of the statutes would be desirable.

Testimony Against: The current retire-rehire program can be used to effectively meet staffing needs without making large investments in training or increasing staff sizes in the long term. It is also an important tool for retaining experienced employees who are able to work without restrictions after retirement in other states or in the private sector. This bill would remove an important item from public employers' arsenal of human resource management tools. The requirement that employees remain separated for three months before returning to employment prevents school districts from rehiring retired teachers for the following school year.

Testified: Megan Atkinson, Office of the Superintendent of Public Instruction (con); John Kvamme, Washington Association of School Administrators and Association of Washington School Principals (con); Lynn Maier, Washington Public Employees Association (concerns); Randy Parr, Washington Education Association (con); Art Wang, Office of Administrative Hearings.